

QUESTIONS AND ANSWERS

Bank Indonesia Regulation Number 14/2/PBI/2012 On Amendment To Bank Indonesia Regulation Number 11/11/PBI/2009 On Implementation Of Card - Based Payment Instrument Activities

1. What is the background of amendment to Bank Indonesia Regulation on Implementation of Card-Based Payment Instrument Activities?

Bank Indonesia Regulation No.11/11/PBI/2009 is amended in order to improve the application of the prudential principle, consumer protection, and credit risk management in implementation of Card-Based Payment Instrument Activities.

2. What are the basic regulations in the amendment to Bank Indonesia Regulation on Implementation Card-Based Payment Instrument Activities? The basic regulations in the amendment to Bank Indonesia Regulation on Implementation Card-Based Payment Instrument Activities include among others:

- a. regulation on the maximum limit of Credit Card interest rate whose amount is determined by Bank Indonesia in a Circular of Bank Indonesia.
- b. regulation on requirements for extension of Credit Card facilities, such as minimum age, minimum income, maximum ceiling, and maximum number of Issuers which may extend Credit Card facilities which will be specified in detail in a Circular of Bank Indonesia.
- c. regulation on the prudential principle and consumer protection such as uniform calculation method of Credit Card interest, imposition of fees and fines, and mandatory information delivery to Card holders.
- d. regulation on cooperation with other parties by referring to Bank Indonesia Regulation on Outsourcing, primarily related to collection of Credit Card debts.
- e. regulation on improving transaction security by means of payment in the form of mandatory implementation of transaction alerts to a Card Credit Holder.
- f. mandatory provision of system which may be connected.
- g. confirmation of Bank Indonesia authority in licensing and sanction imposition in implementation of Card-Based Payment Instrument Activities.

3. What is the maximum number of Credit Cards and maximum amount of credit

ceiling which may be obtained by a Card Holder under the amended Bank Indonesia Regulation on Implementation Card-Based Payment Instrument Activities?

Card Holders with monthly income of a certain amount may only be allowed to obtain Credit Card facilities in a certain amount from an Issuer. Meanwhile, the maximum credit ceiling is also limited to certain multiples of the monthly income. For a Credit Card Holder with monthly income higher than a certain amount determined by Bank Indonesia, Credit Card facilities are extended according to credit analysis of the relevant Issuer. Detailed regulation on minimum monthly income, certain amount of income, maximum credit ceiling, and maximum number of Issuers will be determined in a Circular Letter of Bank Indonesia.

4. Is the limitation as referred to in item 3 only applied to a new Credit Card Holder upon enforcement of the amended Bank Indonesia Regulation on Implementation Card-Based Payment Instrument Activities?

No. The provisions apply to new and old Credit Card Holders. If adjustment applies to an old Credit Card Holder because he/she fails to meet the minimum requirements for monthly income, the relevant Issuer will be given 2 (two) years from 1 January 2013 to make adjustment to the extended Credit Card facilities.

5. When will this amended Bank Indonesia Regulation on Implementation Card-Based Payment Instrument Activities be effective?
 - a. Regulations on maximum limit of Credit Card interest rate and requirements for extension of Credit Card facilities will be effective from 1 January 2013.
 - b. Provisions other than point a shall start to be effective from enforcement of Bank Indonesia Regulation.